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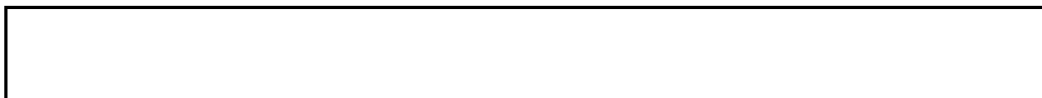
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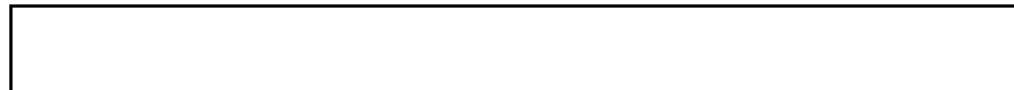
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USSR - MIDDLE EAST

The Soviets have privately given the new Sinai disengagement agreement a mixed review. Their comments suggest, however, that they are more concerned about staking out a role for themselves in new Middle East negotiations than about blocking the disengagement accord.

The deputy chief of the Soviet Foreign Ministry's Arab-Israeli office, Yevgeny Pyrlin, told the British last Thursday that although the agreement kept the guns silent and led to a small Israeli withdrawal, it also had its faults. The main one was the introduction of US personnel into the Sinai; "Vietnam also had small beginnings," he said. Pyrlin also criticized the failure of the agreement to deal with the question of a broad Arab-Israeli settlement.

With an eye toward Secretary Kissinger's meeting with Foreign Minister Gromyko on Thursday, Pyrlin said Moscow would not take a definite position on UN policing of the agreement until it got a clearer reading of US intentions.

Last Friday in Washington, a Soviet diplomat raised the threat of Soviet obstructionism more directly. He contended that the UN Emergency Force was no longer needed in the Sinai because the Egyptian-Israeli agreement amounted to a peace treaty with an open-ended duration.

This type of bluster seems more an effort to impress the US with the need to take Soviet interests into account in the future than the portent of a Soviet veto. Comments by Pyrlin and other Soviets seem to imply that Moscow will find it easier to swallow UN policing of the agreement if the Soviets are not called on to endorse it directly or to accept the idea of a separate US presence in the Sinai.

Pyrlin's comments suggest that at this juncture Moscow's real concern is to promote a role for itself in subsequent negotiations, particularly regarding the Golan Heights. He indicated that a Golan disengagement could be a plus if it were explicitly billed as an aspect of a total settlement, if it gave a role to Moscow, and if it offered something to the Palestinians.

Pyrlin was notably flexible on the question of the format for future talks. After noting the problems blocking a formal reconvening of the Geneva conference, he said that until these problems were resolved, negotiations could still proceed as long as they involved all the Geneva parties. The Soviets are calling this new dance the "step-by-step within the Geneva framework."

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ARGENTINA

Acting president Luder, wasting no time in using his newly acquired authority, on Monday accepted the resignations of two cabinet officers.

One was interior minister and retired army colonel Vicente Damasco, whose appointment last month sparked a major controversy that brought the armed forces into a prominent political role. Also leaving is defense minister Garrido, a relatively unimportant official who had held the post only briefly and had previously served as a minor presidential aide.

Armed forces officers viewed Damasco's presence in the faltering administration as an affront to their prestige and had stripped him of his military status. Foreign Minister Angel Robledo, one of the few cabinet officers the military regards highly, will take over the Interior Ministry. He will temporarily continue to head the Foreign Ministry as well.

Also on Monday, Economy Minister Cafiero devalued the peso by just over 3 percent. He has indicated that further mini-devaluations can be expected. Both Cafiero and Luder seem intent on demonstrating that the government can still come to grips with the nation's serious problems, thus precluding the necessity for still greater military intervention.

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ITALY

Italian political activity has picked up after the August holiday, with debate focusing on the relationship between the government and the Communists and on the effect of such a relationship on economic policy.

Since the Communist Party's unprecedented gains in the regional and local elections three months ago, many Italian politicians have tended toward a pragmatic approach on the question of the Communist role in national policy-making.

In a speech last week, Prime Minister Moro continued to rule out Communist membership in the government, but said that "no one could ignore" the Communist Party's strength and weight in the country. He declared himself ready to exchange views with the Communists on economic policy and acknowledged that they could play an important role in the economic recovery effort.

Most government leaders agree with Moro that some kind of dialogue with the Communists is essential—in fact, it has taken place behind the scenes for years—but the real question is whether the dialogue should be brought out into the open and made formal. Moro sidestepped the issue by noting that it is up to the parties rather than the government to decide if and how the Communists should be associated with the majority.

This issue is one of several that have kept Moro's Christian Democratic Party in disarray since the elections. The party has had little success so far in deciding how to deal with the Socialists, who say they will not join the Christian Democrats in another national government that leaves the Communists totally in the opposition.

Socialist leader De Martino opposes full-fledged Communist participation at the national level, but he wants some arrangement, such as formal consultations, that would obligate the Communists to support the government's program. De Martino's main goal is to limit Communist freedom to criticize government actions—a situation that gives the Communists an edge over the Socialists in competing for the votes of dissatisfied Italians.

Many Christian Democrats fear such a formula would blur the distinction between majority and opposition and establish a precedent for broader collaboration with the Communists. The Communists see advantages and disadvantages for themselves in any formal dialogue, but they have served notice that they are not about to accept responsibility without power.

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What everyone wants from the Communists now is evidence that their trade union leaders are going to follow through on an earlier pledge to encourage labor moderation in major contract negotiations this fall. Communist union leaders are largely responsible for the decision of Italy's major labor organization to stress job security rather than excessive wage demands that would undercut the recovery effort.

Unemployment now exceeds 1 million and the problem is potentially explosive in some areas, such as Naples, where more than 10 percent of the jobless are concentrated.

There are signs that union members are unhappy with their leaders' soft line on wages. The upcoming contract negotiations will be an important test of how Communist gains at the polls have affected the party's ability and willingness to play a responsible role.

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FRANCE

Budgetary constraints will delay by several years the transition of the French navy's anti-submarine warfare force to nuclear propulsion.

According to the US defense attache, initial work on France's first nuclear-powered helicopter carrier has been postponed a second time, until at least late 1976 or early 1977. Construction of the navy's first nuclear-powered attack submarine also will probably not begin until after next year.

Work on the helicopter carrier was to have begun last April, but was pushed back a year in favor of a salary hike for all French military personnel. The navy reportedly is now revising its requirements for the carrier. A second delay would help Paris cover short-term budget deficits related to increased personnel costs.

The new carrier—which had been expected to join the fleet in 1980—would perform escort and anti-submarine missions, as well as support potential intervention operations. The ship is scheduled to replace the conventionally powered helicopter carrier Arromanches, which was decommissioned in January 1974.

The navy also had planned to have its first nuclear-powered attack submarine in operation by about 1979 or 1980. Longer range plans still call for the creation of two nuclear attack submarine squadrons in the 1980s, the first to operate out of Brest and the second from Toulon. These submarines will probably replace, rather than augment, some of the older, conventionally powered boats.

Budgetary difficulties are not expected to affect the commissioning of four conventional attack submarines. Two of these new boats have already been launched and should be in the fleet by 1977. The other two are expected to enter service in 1979 and will be the last non-nuclear submarines.

Development of the ballistic-missile submarine force continues to have the highest priority, and France's fiscal difficulties would have to worsen considerably to affect this program.

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